

SENSE OF CONGRESS REGARDING ELIMINATION OF RESTRICTIONS ON IMPORTS OF UNITED STATES AGRICULTURAL PRODUCTS

AUGUST 3, 1998.—Referred to the House Calendar and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany H. Con. Res. 213]

The Committee on Ways and Means, to whom was referred the concurrent resolution (H. Con. Res. 213) expressing the sense of the Congress that the European Union is unfairly restricting the importation of United States agricultural products and the elimination of such restrictions should be a top priority in trade negotiations with the European Union, having considered the same, report favorably thereon with amendments and recommend that the concurrent resolution as amended be agreed to.

The amendments are as follows:

Strike out all after the resolving clause and insert in lieu thereof the following:

That it is the sense of the Congress that—

(1) many nations, including the European Union, unfairly restrict the importation of United States agricultural products;

(2) the restrictions imposed on United States agricultural exports are among the most vexing problems facing United States exporters;

(3) the elimination of restrictions imposed on United States agricultural exports should be a top priority of any current or future trade negotiation;

(4) the President should develop a trade agenda which actively addresses agricultural trade barriers in multilateral and bilateral trade negotiations and steadfastly pursues full compliance with dispute settlement decisions of the World Trade Organization;

(5) in such negotiations, the United States should seek to obtain competitive opportunities for United States exports of agricultural products in foreign markets substantially equivalent to the competitive opportunities afforded to foreign exports in United States markets, and to achieve fairer and more open conditions of trade;

(6) because of the significance of the issues concerning agricultural trade with the European Union, the United States Trade Representative should not engage in any trade negotiation with the European Union if the Trade Representative determines that such negotiations would undermine the ability of the United

States to achieve a successful result in the World Trade Organization negotiations on agriculture set to begin in December 1999; and

(7) the President should consult with the Congress in a meaningful and timely manner concerning trade negotiations in agriculture.

Amend the preamble to read as follows:

- Whereas on a level playing field, United States producers are the most competitive suppliers of agricultural products in the world;
- Whereas United States agricultural exports reached a level of \$57,000,000,000 in 1997, compared to a total United States merchandise trade deficit of \$198,000,000,000;
- Whereas the future well-being of the United States agricultural sector depends, to a large degree, on the elimination of trade barriers and the development of new export opportunities throughout the world;
- Whereas increased United States agricultural exports are critical to the future of the agricultural, rural, and overall economy of the United States;
- Whereas the opportunities for increased agricultural exports are undermined by unfair subsidies provided by trading partners of the United States, and by various tariff and nontariff trade barriers imposed on highly competitive United States agricultural products;
- Whereas the Foreign Agricultural Service estimates that United States agricultural exports are reduced by \$4,700,000,000 annually due to the unjustifiable imposition of sanitary and phytosanitary measures that deny or limit market access to United States products;
- Whereas Asian markets account for more than 40 percent of United States agricultural exports worldwide, but the financial crisis in Asia has caused a severe drop in demand for U.S. agricultural products and a consequent drop in world commodity prices;
- Whereas multilateral trade negotiations under the auspices of the World Trade Organization and the Asia Pacific Economic Cooperation Forum and trade negotiations for a Free Trade Area of the Americas represent significant opportunities to reduce and eliminate tariff and nontariff trade barriers on agricultural products;
- Whereas negotiations for country accessions to the World Trade Organization, particularly China, present important opportunities to reduce and eliminate these barriers;
- Whereas the United States is currently engaged in a number of outstanding trade disputes regarding agricultural trade;
- Whereas disputes with the European Union regarding agriculture matters involve the most intractable issues between the United States and the European Union, including—
 - (1) the failure to finalize a veterinary equivalency program, which jeopardizes an estimated \$3,000,000,000 in trade in livestock products between the United States and the European Union;
 - (2) the ruling by the World Trade Organization that the European Union has no scientific basis for banning the importation of beef produced in the United States using growth promoting hormones, and that the European Union must remove by May 13, 1999, its import ban on beef produced using growth promoting hormones;
 - (3) the failure to use science, as in the beef hormone case, which raises concerns about the European Union fulfilling its obligations under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures;
 - (4) the promulgation by the European Union of regulations regarding the use of specified risk materials for livestock products which have a disputed scientific basis and which serve to impede the importation of United States livestock products, despite the fact that no cases of bovine spongiform encephalopathy (mad cow disease) have been documented in the United States;
 - (5) the ruling by the World Trade Organization in favor of the United States that the European import regime restricting the importation of bananas violates numerous disciplines established by the General Agreement on Tariffs and Trade and the General Agreement on Trade in Services, and that the European Union must be in full compliance with the decision of the World Trade Organization by January 1, 1999;
 - (6) the hindering of trade in products grown with the benefit of biogenetics through a politicized approval process that is nontransparent and lacks a basis in science; and

(7) continuing disputes regarding European Union subsidies for dairy and canned fruit, and a number of impediments with respect to wine: Now, therefore, be it

Amend the title so as to read:

A concurrent resolution expressing the sense of the Congress that the elimination of restrictions on the importation of United States agricultural products by United States trading partners should be a top priority in trade negotiations.

I. INTRODUCTION

A. PURPOSE AND SUMMARY

The purpose of H. Con. Res. 213 is to emphasize the importance of achieving the reduction of barriers to trade in agriculture and to underscore that the elimination of these barriers should be a top priority of multilateral and bilateral trade negotiations. As amended, the resolution calls on the President to: (1) develop a trade agenda which actively addresses agricultural trade barriers in multilateral and bilateral trade negotiations; (2) in conducting such negotiations, seek competitive opportunities for U.S. exports in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in U.S. markets, in consultation with Congress; and (3) aggressively pursue full compliance with dispute settlement decisions of the World Trade Organization (WTO).

B. BACKGROUND AND NEED FOR LEGISLATION

Agricultural goods accounted for \$93.1 billion in total (two-way) U.S. goods trade during 1997, up 40 percent (26.6 billion) from 1992. The Committee notes that United States producers of agricultural products are the most competitive suppliers in the world. Because domestic food consumption is projected to stay relatively stable, the future well-being of the United States agricultural sector depends, to a large degree, on the elimination of trade barriers and the development of new export opportunities throughout the world. The Committee's view is that United States agricultural exports are critical to the future of the agricultural, rural and overall economy of the U.S. The issue has become urgent in light of the fact that agricultural export markets in Asia, accounting for more than 40 percent of U.S. agriculture exports worldwide, have been severely affected by the Asian financial crisis. The United States economy is suffering from the consequent drop in world commodity prices and downturn in demand for U.S. agricultural products.

The resolution points out that multilateral trade negotiations under the auspices of the WTO and the Asia Pacific Economic Cooperation forum (APEC) and trade negotiations for a Free Trade Area of the Americas represent important opportunities to reduce and eliminate tariff and nontariff trade barriers on agricultural products. Similar opportunities exist in negotiations for country accessions to the WTO.

The resolution states that disputes regarding agricultural matters involve the most difficult and intractable issues between the United States and our largest trade and investment partner, the European Union (EU). For example, Europe has failed to finalize a veterinary equivalency program, which jeopardizes an estimated \$3,000,000 in trade in livestock products between the United

States and the EU. Europe continues to maintain an import ban on beef produced using growth promoting hormones, despite the fact that the WTO has ruled that there is no scientific basis for this ban. The Committee notes that the WTO has ruled that this ban must be removed by May 13, 1999 and fully expects Europe to come into compliance with its international obligations by this date at the latest.

In another important ruling for U.S. exporters, the WTO determined that the EU import regime restricting the importation of bananas violates numerous disciplines established by the General Agreement on Tariffs and Trade and the General Agreement on Trade in Services. Furthermore, the WTO ruled that the EU must be in full compliance with its obligations in this sector by January 1, 1999. The Committee notes that full implementation of these WTO decisions will be indicative of Europe's basic commitment to the credibility and long viability of the WTO dispute settlement system.

Notwithstanding the fact that no cases of bovine spongiform encephalopathy (mad cow disease) have been found in the United States, the EU has issued regulations specifying risk materials for livestock products which lack a scientific basis and which have the effect of impeding the importation of U.S. livestock products. Similarly, U.S. exports of trade in products grown with the benefit of biogenetics are hindered due to a non-transparent and politicized approval process that also lacks a sound scientific basis.

Finally, the Committee takes note of the fact that there are ongoing disputes with the EU over subsidies in Europe for dairy and canned fruit. The Committee is also very concerned about the existence of numerous impediments in Europe to the exports of American wine.

Because of the significance of the issues concerning trade with the EU, the resolution states that the United States Trade Representative should not engage in any trade negotiation with the EU if the Trade Representative determines that such negotiations would undermine the ability of the United States to achieve a successful result in the WTO negotiations on agriculture set to begin in December 1999.

C. LEGISLATIVE HISTORY

Committee action

H. Con. Res. 213, sponsored by Congressman Ewing, was introduced on February 11, 1998, and referred to the Committee on Ways and Means. The Full Committee marked up the bill in open session, pursuant to notice, on July 29, 1998.

At that time, an amendment in the nature of a substitute was offered by Chairman Archer. It was adopted by voice vote. The Committee then ordered the resolution favorably reported by voice vote, with a quorum present.

Legislative hearing

The Subcommittee on Trade held a hearing on United States efforts to reduce barriers to trade in agriculture on February 12, 1998 and a hearing on trade relations with Europe and the new

Transatlantic Economic Partnership on July 28, 1998. At these hearings, Members of Congress, as well as representatives of the Administration and business groups, expressed their views regarding agricultural trade with the European Union.

II. EXPLANATION OF PROVISIONS

Current law

No applicable provision in current law.

Explanation of the resolution

The resolution expresses the sense of the Congress that: (1) many nations, including the European Union, unfairly restrict the importation of U.S. agricultural products, (2) the restrictions imposed on U.S. agricultural exports are among the most vexing problems facing U.S. exporters, (3) the elimination of restrictions imposed on U.S. agricultural exports should be a top priority of any current and future trade negotiation, (4) the President should develop a trade agenda which actively addresses agricultural trade barriers in multilateral and bilateral trade negotiations, (5) in such negotiations, the United States should seek to obtain competitive opportunities for U.S. exports and agricultural commodities in foreign markets which are substantially equivalent to the competitive opportunities afforded to foreign exports in U.S. markets, and to achieve fairer and more open conditions of trade, (6) the United States Trade Representative should not engage in any trade negotiation with the European Union if the Trade Representative determines that such negotiations would undermine the ability of the United States to achieve a successful result in the World Trade Organization negotiations on agriculture set to begin in December 1999, and (7) the President should consult with the Congress in a meaningful and timely manner concerning trade negotiations in agriculture.

Reason for change

It is necessary to state the sense of the Congress about agriculture at this time due to the weather-related problems which are hurting U.S. agriculture during the growing season, as well as the decline in agricultural exports due to the Asian financial crisis.

III. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statements are made concerning the vote of the Committee on Ways and Means in its consideration of H. Con. Res. 213.

MOTION TO REPORT THE BILL

H. Con. Res. 213 was ordered favorably reported with an amendment in the nature of a substitute to the House by voice vote, with a quorum present.

IV. BUDGET EFFECTS OF THE RESOLUTION

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of this resolution, H. Con. Res. 213 as reported: The Committee believes that a concurrent resolution such as H. Con. Res. 213 has no budgetary effect.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with subdivision (c) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, the Committee states that enactment of H. Con. Res. 213 would have no effect on the receipts of the U.S. government.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with subdivision (c) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, requiring a cost estimate prepared by the Congressional Budget Office (CBO), the following statement is made: No CBO cost estimate is required for a concurrent resolution such as H. Con. Res. 213.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to subdivision (A) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives (relating to oversight findings), the Committee believes that passage of H. Con. Res. 213 would place Congress on record in the matter of negotiating trade agreements with respect to agriculture.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

With respect to subdivision (D) of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Reform and Oversight with respect to the subject matter contained in the resolution.

C. CONSTITUTIONAL AUTHORITY STATEMENT

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States * * *").